Monitoring Profile Shifts and Differences among Work Integration Social Enterprises in Flanders

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Abstract

The sector of Work Integration Social Enterprises (WISEs) has grown considerably all across Europe during the last few decades. While WISEs focusing at sheltered employment for people with disabilities exist for a long time already, many governments embraced WISEs as an active labour market policy tool to address an expanding scope of disadvantaged workers. Measurement of the effectiveness of these policies remains scarce, however. Even worse, many governments do not even have a clear sight on the profile of WISEs they are supporting. In this paper, we utilize data from a newly designed monitoring instrument to capture the profile of WISEs in Flanders (Belgium). We discuss some methodological issues in using administrative data to monitor this sector, and present a profile at the enterprise level and at the worker level. More specifically, we analyse both profile differences between and profile shifts within WISE work forms that have been defined by the government. This allows us to compare the profile of early stage WISEs with that of their mature counterparts. Moreover, it invites us to evaluate whether these profile shifts and differences are in accordance with policy choices made.

Keywords: Work Integration Social Enterprises, Active Labour Market Policy, Monitoring, Early Stage Enterprises, Worker profile

JEL Classification: J68, L25, L3, M13

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1. Introduction

One of the key-fields of activity for European social enterprises is work integration. Social integration through work is one of the social aims that are particularly interesting to governments within the framework of active labour market policies. Often, the concept of *social economy*, which is essentially broader and refers to economic activities and organizations with a vast array of social objectives, is reduced to *work integration social economy*. In recent years the concept of *Work Integration Social Enterprise* (WISE) has been introduced to refer to those social enterprises that have as their primary aim to realize socio-professional integration of disadvantaged workers. In an overview of types of WISEs in Europe, Davister, Defourny & Grégoire (2004) distinguish between four main modes of work integration, related to different categories of target groups demanding different support: (1) transitional occupation, (2) creation of permanent, self-financed jobs, (3) professional integration with permanent subsidies and (4) socialization through a productive activity. Despite the heterogeneity of these initiatives, they share the goal of an explicit benefit for a community or a specific target group within it, they develop an entrepreneurial logic to achieve this goal, continuously producing goods and services, a certain level of paid work, a largely autonomous management and a significant level of economic risk, and last but not least, decision making is not primarily based on shared capital and profits are not primarily aimed to be distributed by to be invested in the enterprise and/or the community (Davister, Defourny & Grégoire, 2004). Also in Flanders (Belgium), WISEs are important employers generating employment for those people who experience severe difficulties to get and hold a job in the 'regular' labour market. WISEs actively invest in coaching and training for those target workers. They operate within the market, are risk taking and innovative in the way they work with target groups and in the services and products they develop. It is a heterogeneous family of initiatives, encompassed by a variety of coexisting legal frameworks. They differ largely in the way they realize work integration, in resources used and in target groups that are served.

This paper seeks to highlight the underlying patterns and structures behind the variety of these initiatives by focusing on the differences between the broader categories of WISEs (work forms) and by analyzing the particularities of early stage WISEs compared to their mature counterparts. To do so, we use data from a newly designed monitoring instrument for the social insertion economy in Flanders. We provide a discussion on methodological issues in using administrative data to monitor this sector. Subsequently, we present a profile of WISEs in Flanders at the enterprise level and at the worker level. Consequently the paper addresses the following research questions; What are the differences observed between the broader categories of work forms (WISEs) and between the early stage enterprises and mature enterprises? Does their financial, legal or economic profile vary? Do they employ a different profile of target workers? Are these profile shifts and differences in line with policy choices made? By highlighting these profile shifts and differences we want to provide a dynamic overview of the social insertion economy in Flanders. Furthermore this paper seeks to contribute to the methodological debate on how to conceptualize and measure essential indicators on social enterprises and early stage entrepreneurship within this sector in particular.

We start with a brief introduction to the policy framework on WISEs in Flanders and present some basic figures. Section 3 addresses the data and methodology of the paper. Profile shifts and differences are presented in section 4, both at the enterprise level and at the worker level. In section 5 we conclude with a brief policy evaluation and pathways for future research.

2. WISEs in Flanders

2.1 Policy frame

Although originally established as private initiatives pioneering the promotion of work integration of disadvantaged persons, WISEs have become a 'conveyer belt' of active labour market policies in several European countries (Defourny & Nyssens, 2008). Active, rather than passive labour market policies, have become increasingly important in the OECD countries (Calmforms, 1994). Passive Labour Market policies refer to measures aimed at financial compensation for the loss of income through unemployment. Active Labour Market policies on the other hand refer to direct intervention in the labour market and can be divided in three categories: (1) *public employment services*, helping the unemployed finding a job, (2) *direct job creation* through employment subsidies and, (3) *training schemes*, to improve the vocational skills of the unemployed. (Calmforms, 1994 in Gaëlle, 1999). Although some public schemes offer structural support for long term employment and coaching of target groups within WISEs, most of the schemes established from the 1990s onwards offer temporary compensations for 'temporary unemployability' of the employees and are meant to support the transition from unemployment to employment in the 'regular labour market' (Defourny & Nyssens, 2008).

In Flanders, the government during the 1990s and the first decade of the new millennium has increasingly focused on the social economy and WISEs in particular (Samoy, 2008). Through WISEs the government wants to stimulate the creation of

jobs for disadvantaged groups: not only people with disabilities, who since more than half a century find sheltered employment in sheltered workshops, but also long-term unemployed persons, people with a low education level, etc. Whereas initial WISEs focused on people with disabilities and offered long term sheltered employment, the more recently created employment programmes are directed to other disadvantaged target groups and have a stronger focus on integration in the regular labour market.

The scope of this paper is limited to WISEs in Flanders[1]. It has to be noted that Belgium has a federal structure where social economy policies can be found both at the federal as the regional level. Since employment policies are a community competency, public employment services (and consequently the assignment of target workers to different work forms) and the large majority of employment schemes and work forms for disadvantaged workers are subsidized by the Flemish Government. The Federal Government, on the other hand, remains responsible for some employment schemes which are regulated by a reduction of the social security contributions for the employers. The fact that authority in the policy domain of 'social economy' is divided between the Federal and the Flemish Government renders the structure of the 'social insertion economy' in Belgium quite complex. In the following section we provide an overview on the work forms as they currently exist in Flanders.

2.2 Work forms for WISEs in Flanders

There are many policies, schemes and programmes in Flanders that stimulate and subsidize employment in the social insertion economy. When talking about these policies we make a distinction between work forms and employment schemes. With work forms we refer to an enterprise (and not an individual employee) that can be identified with a policy measure. Since these work forms correspond to different types of enterprises and policies, the work integration social enterprises discussed in this paper are always situated and grouped per work form. Employment schemes on the other hand refer to a subsidy directly linked to an employee rather than an enterprise. These employment schemes are not discussed in this paper as this would lead us too far. It has to be noted that, while social enterprises may combine several work forms, this will always result in different legal entities to be created. This way, work forms provide a relevant criterion to categorise WISEs, as they combine the merits of reflecting differences in policy objectives on the one hand, and measurability on the other hand.

Below we give an overview of the work forms within the social insertion economy in Flanders. We will describe the policy frame for these work forms and briefly indicate the most important activity domains of initiatives in these work forms. It is interesting to observe the concordance between the relative abundance of specific factors in these work forms and the factor intensity of the activities they are involved in[2]. Given that WISEs mainly focus on low skilled positions, their activities are generally characterised by a high labour intensity.

. Sheltered Workshops

Sheltered workshops offer employment for people with disabilities who are not able to integrate in the regular labour market. The eventual goal of sheltered workshops is the employment of people with disabilities to enhance their integration in society. Sheltered workshops receive subsidies for employees with disabilities (their target group) as well as for the coaches accompanying them. Activity domains include packaging, assembly, maintenance of parks, woodwork, bookbinding and printing. The large majority of these activities are situated in a business to business market. As most workers in sheltered workshops suffer from mental disabilities, activities have to be easy to explain and to carry out, characterised by very strict demarcation of operations each worker has to do. Switch costs to allocate these target group workers into other activities are accordingly rather high.

. Social Workshops

Social workshops are oriented to jobseekers that face serious difficulties in finding employment in the regular labour market due to physical, social or psychological problems. The jobs offered by social workshops are tailored to the capacities of their employees. Like the sheltered workshops, social workshops receive subsidies to support the employment of the target group as well as the persons accompanying them. There is some overlap between the activity domains of social workshops and sheltered workshops. An important difference, however, is the scale of its activities (social workshops are on average much smaller). This does not prevent that social and sheltered workshops are increasingly seen as competitors of each other, cannibalizing their market niches (Van Opstal & Pacolet, 2007). A specific activity domain of social workshops, however, are recycling shops. Approximately 29 out of the 98 social workshops run a recycling shop, representing 47.6% of target group employment in social workshops.

[1] When talking about Flanders, we refer to the Flemish region, which excludes Brussels.
[2] Actually, this is a nice example of predictions from trade theory, more specifically the Rybczynski theorem.

. Local Service Economy Initiatives

Local service economy initiatives provide sustainable employment for long-term unemployed persons but additionally offer quality services to the local community and households. This way, labour market policy objectives are bundled with other social policy objectives. The subsidies for local service economy initiatives are organized in a model of cloverleaf financing: the Federal, Flemish and local authorities all contribute to the financing. Activity domains of local service economy initiatives include assistance and implementation of packages for rational energy use, running bicycle shelters, cleaning services and shopping assistance for the elderly, etc.

. Work integration enterprises (with/without service vouchers)

Work integration enterprises are enterprises that are willing to provide low-skilled and long term unemployed jobseekers an opportunity for sustainable employment with a particular focus on on-the-job-training. Work integration enterprises receive digressive subsidies for their target employees; subsidies diminish every year and stop after the fourth year. When talking about work integration enterprises, we make a distinction between regular work integration enterprises and work integration enterprises working with service vouchers. With the latter we refer to enterprises that provide household services (cleaning, ironing, shopping and gardening) where the client pays with a service voucher. These service vouchers are subsidized and services are made very cheap to its customers so as curtail informal employment in these sectors. While regular work integration enterprises may only have one employee belonging to the target group, their counterparts that use service vouchers need to have at least 30 percent of their personnel belonging to the target group.

. Work experience enterprises

Somewhat similar to work integration enterprises are work experience enterprises. Work experience enterprises are enterprises active in the non-profit or in the public sector who offer a work experience for 12 months (which might be extended up to 18 months) to long-term unemployed jobseekers. Work experience enterprises focus both on providing work experience as well as on providing the skills aimed at successful integration in the regular labour market. These enterprises receive subsidies for the target group as well as for coaching these employees. Most of these organisations are active in health and social care, elderly care, family care (nurseries, household services, ...) or the cultural sector.

. Activity co-operatives

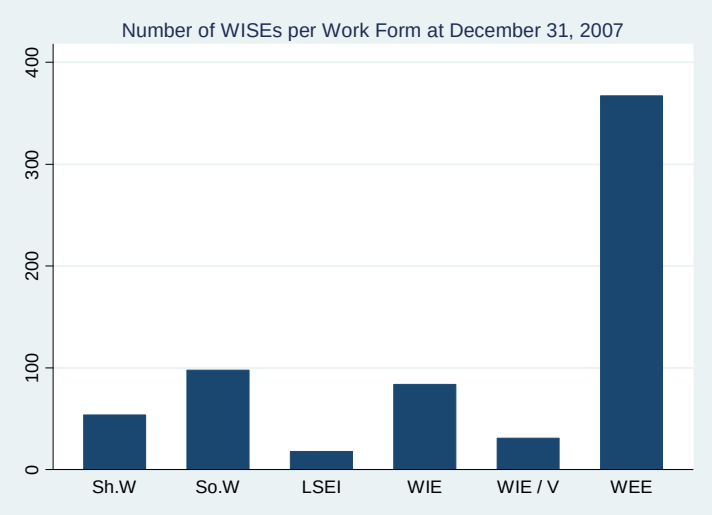
Activity co-operatives are only recently initiated in Belgium, so only a limited number of activity co-operatives currently exist. Activity co-operatives assist jobseekers who have ambition to start their own business as an independent. While setting-up their business, employees of activity co-operatives do not loose their unemployment allowance. Examples of independent businesses that are coached by activity co-operatives are hair stylists, gardeners, independent secretaries and freelance florists. While this work form is too novel, it is not possible to monitor their profile yet in a meaningful way. Therefore, we exclude activity co-operatives in our analysis.

In sum, we could categorise these work forms as follows. Firstly, some enterprises are set up specifically to employ disadvantaged groups, like it is the case in social and sheltered workshops. A second group consists of enterprises, organisations and local authorities who employ some target group employees next to a majority of 'regular' employees. Mostly this is the case among work integration enterprises, local service economy initiatives and work experience enterprises. Work integration enterprises applying the voucher system may belong either to the former or to the latter category, as some of them are established with a clear objective to employ disadvantaged people, while other do not put this focus.

2.3 Some basic figures of WISEs in Flanders

To get an idea of the reality behind these work forms, we provide some basic figures of the size and scope of work integration social enterprises in Flanders. According to data of the Flemish Subsidy Agency for Work and Social Economy, 652 enterprises were recognized and accordingly subsidized as a work integration social enterprise at the end of 2007. Figure 1 shows this number of enterprises, depicted by work form. Clearly, the majority of recognized initiatives are work experience enterprises. However, this predominance in the number of WISEs can be explained by the fact that many local authorities and traditional social organisations employ some disadvantaged people via this work form. Therefore, our attention should not be too much distracted from other work forms. The 'classical' work forms, i.e. sheltered and social workshops, amount together to some 150 enterprises. It should also be noted that there are actually 68 sheltered workshops in Flanders, but these workshops are governed by 54 legal entities.

Figure 1 Number of WISEs in Flanders per Work Form at December 31, 2007



Legend: Sh.W (sheltered workshops), So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

Within these 652 enterprises, total employment of disadvantaged people amounts to 26,525 units, which boils down to 1.3% of total employment in Flanders. In total these enterprises employ at least 141,626 units, such that 6.8% of the workforce in Flanders is active in an enterprise that employs disadvantaged people and is recognized as a WISE.

Table 1 gives an overview of employment per work form[3]. As could be expected from our earlier discussion, total employment is very high in enterprises that are recognized as a work experience enterprise. However, the percentage of target group workers in total employment is very low, as is the case in work integration enterprises and local service economy initiatives. As discussed in section 2.2, this can be attributed to the structure of these work forms. Mostly, these work forms are applied by regular enterprises, traditional social organisations and local public authorities, providing employment for one or a few target group workers. If we look at target group employment, sheltered workshops are clearly the biggest work form, employing 61% of all target group workers. Also the percentage of target workers in total employment is the highest in sheltered workshops.

Table 1 Employment and coverage of WISEs in Flanders (at December 31, 2007)

	Sheltered Workshops	Social Workshops	Local Service Economy Initiatives	Work Integration Enterprises	Work Integration Enterprises (vouchers)	Work Experience Enterprises
Number of enterprises	54	98	17	81	29	337
Employment						
Units	19,254	6,001	16,373	14,074	4,879	80,681
FTE	17,623	4,907	13,630	8,574	8,574	59,300
FTE / units	0.92	0.73	0.83	0.61	0.61	0.73
mean (units)	282	62	962	174	167	238
median (units)	247	44	101	14	87	70
Employment (target group)						
Units	15,554	3,262	435	602	1,323	4,147
% target group (in units)	81%	54%	3%	4%	27%	5%
mean (units)	287	33	26	6	46	12
median (units)	203	24	16	4	28	5

Table 2 provides some indicators on the economic magnitude of WISEs in Flanders. Figures on turnover and value added show clearly that sheltered workshops are on average much bigger than social workshops. Among work integration enterprises, clearly some big enterprises are included. The sum of value added of all WISEs amounts to 1.48 billion euro, which is about 0.79% of the GDP of Flanders. However, we need to take into account that a large amount of this total comes from mainstream enterprises that employ only a few target workers. Therefore, if we focus on sheltered and social workshops, we estimate a total value added of 223 million euro, which boils down to 0.12% of the GDP of Flanders. Note

[3] The row total of target workers in Table 1 is less than the 26,525 units mentioned above. This is because it was not possible to have a perfect match between the enterprises received from the Flemish Subsidy Agency of Work and Social Economy and the enterprises that could be found in other datasets (RSZ and RSZ/PPO). Therefore Table 1 only makes use of data on those enterprises that could be found in both datasets in order to be able to compare total employment and employment of the target group.

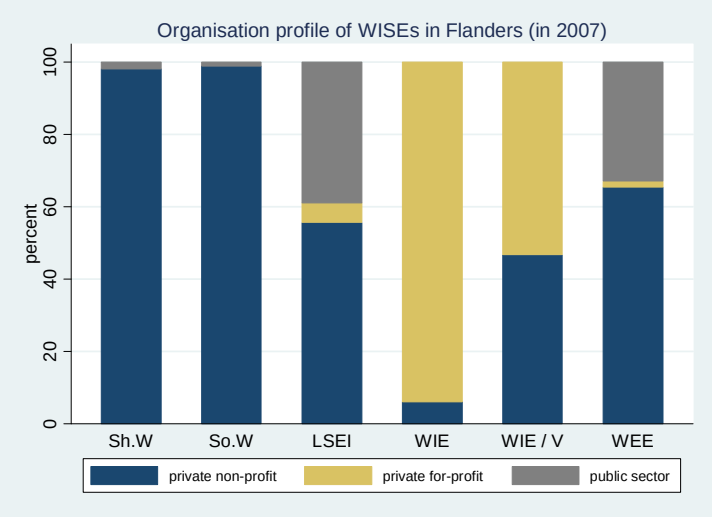
that figures for work forms other than sheltered and social workshops only offer a partial view on their economic magnitude, since it is only possible to access financial data of the largest enterprises involved.

Table 2 Economic magnitude of WISEs in Flanders (in 2007)

	Sheltered Workshops	Social Workshops	Local Service Economy Initiatives	Work Integration Enterprises	Work Integration Enterprises (vouchers)	Work Experience Enterprises
Number of enterprises	54	98	18	84	31	367
Turnover (in million euros)						
N	*54*	*96*	*4*	*25*	*8*	*102*
Sum	309	64	28	1,069	36	414
Mean	5.7	0.7	7.0	42.8	4.5	4.1
Median	3.2	0.5	0.6	11.5	4.4	0.9
Value-added (in million euros)						
N	*54*	*94*	2	*23*	*6*	*63*
Sum	185	38.7	20.5	432	30.9	773
Mean	3.4	0.4	10.3	18.8	5.2	12.3
Median	2.2	0.3	10.3	6.2	5.2	4
Value-added / Gross income	0.33	0.31	0.53	0.39	0.65	0.77

Another important aspect to bear in mind when reading through the analyses in subsequent sections is the organization profile of WISEs in Flanders. In figure 2 we see that sheltered workshops and social workshops are situated in the private non-profit sector. This should not be too surprising, as only non-profit associations are eligible for recognition for these work forms[4]. The organization profile of work integration enterprises and local service economy initiatives is mixed, as (local) public authorities mainly engage themselves through these work forms. Finally, work integration enterprises (both with and without the voucher system) seem to consist predominantly of private for-profit enterprises.

Figure 2 Organisation profile of WISEs in Flanders (in 2007)



Legend: Sh.W (sheltered workshops), So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).
Note: Both non-profit associations as social purpose companies are qualified as the private non-profit sector.

3. Data

. A new monitoring instrument for WISEs in Flanders

All data used in this paper originates from an instrument that was designed for the monitoring of WISEs in Flanders, commissioned by the Flemish Government (Deraedt & Van Opstal, 2009). This monitoring instrument brings together indicators at the enterprise level, such as financial indicators and the organisational profile of the enterprises. It also monitors the profile of the employees of these enterprises as well as the potential unemployed target group for WISEs. While

[4] Two exceptions apply. Firstly, some public sector legal forms are eligible as well, as can be seen in figure 2. Secondly, for social workshops, the 'social purpose company' statute should be eligible as well. Nevertheless, no single social purpose company achieved recognition as a social workshop yet, as policy makers and administrators prefer to work with the non-profit association (Coates & Van Opstal, 2009).

conceptualizing this monitoring instrument a pragmatic approach of the social insertion economy was chosen, as the focus of the instrument is primarily on WISEs recognized and subsidized by the Flemish Government (Gijselinckx & Van den Broeck, 2008). With exception of a few federal employment schemes and local public initiatives the instrument, however, incorporates the large majority of WISEs in Flanders.

The starting point for the instrument was a list of WISEs that accordingly were monitored. This list was received from the Flemish Subsidy Agency for Work and Social Economy, as well as a list of the employees working in these enterprises. Since data on these enterprises and employees had to be linked to other databases it was important to choose a common reference point in time when measuring the data. Therefore our dataset only includes those enterprises which had target workers employed at the 31st of December 2007. Hence, three datasets were constructed: (1) a dataset, at the level of the enterprises, (2) a dataset, at the level of the employees, and (3) a dataset with information on both employed target group workers as well as the unemployed target-population.

The first dataset aggregated data at the level of the *enterprises*. The input-list with unique identification numbers of WISEs, as received from the Flemish Subsidy Agency for Work and Social Economy, was linked with other data available at the VKBO and the Federal agencies RSZ and RSZ/PPO. The VKBO is a Flemish institution that enriches the Federal Crossroads Bank for Enterprises with annual accounts per enterprise as well as some key indicators at the enterprise level. Ultimately, we received from the VKBO a dataset including the starting date of the enterprise, the legal form and a 5-digit activity code (NACE-nomenclature) per enterprise. The RSZ and RSZ/PPO are the federal agencies for social security, that respectively have data on private sector employment and public sector employment. Via these agencies we obtained information on the number of employees per enterprise, the spatial distribution of employment across branches of these enterprises as well as aggregated data on the profile of the employees.

While the first dataset brings together aggregated information on the employees at the level of the enterprise, the second dataset accumulates data at the *employee* level. In order to construct this dataset two inputs from the Flemish Subsidy Agency for Work and Social Economy were combined. On the one hand, the list of WISEs and secondly the list of target workers and their coaches employed in these enterprises. Moreover, the input on the employees received from the Flemish Subsidy Agency also included information on the level of education of the employees and their ethnicity. This information was linked to the KSZ, the Federal Crossroad Bank for Social Security. Consequently this second dataset allows us to estimate detailed profiles of target workers, their coaches and the additional workers of the enterprise that are not known by the Flemish Subsidy Agency for Work and Social Economy.

The third dataset accumulates data at the level of the *potential target group*. Here we bring together data from the second database with data of the unemployed target group per work form. For the construction of this database we had access to the official databank of jobseekers for 2007. Accordingly the target audience per work form was put together according to the officially described criteria, in terms of education level and/or unemployment period, indicating whether a jobseeker is entitled to work in a work form or not. This database allows us to indicate the coverage of a work form but also to compare the profiles of the employed and unemployed target workers.

Based on these three datasets, we developed indicators providing information on the enterprise-level, an overview of the profile of the employees in WISEs and thirdly allowed us to compare the employed and unemployed (potential) target group. Moreover, the starting date of the enterprise allows us to identify early stage enterprises.

. General data limitations and manipulations

As is usual with administrative data, some data limitations apply. We briefly discuss the most important data issues that should be taken into account when interpreting our results. First, the distinction between target group workers and coaches is based on data from the Flemish Subsidy Agency for Work and Social Economy. Since this is the institution who subsidies the target workers, these numbers are very close to the actual population of target workers. However enterprises can also make use of federal employment schemes. Target group workers that are employed within these schemes are not included in the data. Moreover data on target group workers of the sheltered workshops are incomplete[5]. Additionally the Flemish Subsidy Agency only has information on the coaches of the social and sheltered workshops. For all other work forms we do not know whether the additional employees, besides the target workers, are coaches or regular workers.

Secondly, data on the enterprises are based on their legal entity level and not at their branch level. This also means that in practice two work forms could be combined and function as one single enterprise but appear in our data as two different enterprises because they are legally separated. This is so because financial data and data on the employees are linked to the legal entity of the enterprises and it is only possible to obtain data at this level.

[5] However, these data were be partly completed by using other data of the Flemish Subsidy Agency for Work and Social Economy. Unfortunately, data limitations hinder us from estimating meaningful profiles of the target group workers of sheltered workshops.

The financial data assembled are received from the National Bank. However, there are no data available for all enterprises and this for two reasons. Firstly, small enterprises with unlimited liability are not obliged to submit an annual account to the Central Balance Sheet office of the National Bank of Belgium. This is also the case for institutions of public utility and small associations and foundations. Secondly, only bigger enterprises are obliged to report detailed annual accounts. Except for sheltered and social workshops, where we received the financial data from the Flemish Subsidy Agency for Work and Social Economy, we consequently lack financial data on smaller enterprises. The criteria for a firm or association to be considered small or large, and consequently the format of the annual accounts that they have to deposit, differ between the associations and enterprises.[6]

Finally, we were not able to collect meaningful data on the activity profile of the enterprises. We do know the Nace-code per enterprise but this was not specific enough for the majority of the enterprises in our database since the frequent codes were referring to "other services" or "other social services". Moreover sheltered and social workshops have their own Nace-code and consequently these codes do not reveal anything about the activities carried out by these enterprises.

. Specific data issues with respect to defining early stage enterprises

We defined the early stage WISEs as those enterprises who started their business in 1998 or later. Throughout this paper, we sometimes deepen our analysis by focusing at enterprises younger than 1 year, 3 years or 5 years. We created these categories of enterprises based on the starting date of the enterprises as registered by the Federal Crossroad Bank of Enterprises. However, some limitations apply and we should carefully take these into consideration when we interpret these data.

First, these data provide information on the official starting date of the enterprise but do not indicate whether the enterprise existed before as a different legal entity. We did verify however with the VKBO whether those enterprises we defined as 'start-ups' were the result of an acquisition or a split-up. Apparently, this was the case for none of the enterprises in our dataset. However we need to take into account that there might be errors in the registration process and consequently we can not be entirely sure of the accuracy of this outcome.

Another limitation is the fact that these data are not panel data, but only provide a cross section view of the sector at the end of 2007. Therefore, we cannot analyze the entire population of business start-ups since 1997. This creates several problems. Firstly, we are not able to grasp how many business start-ups survived or not. Hence, our data are subject to a survivor bias in terms of economic viability but also in terms of institutional viability, as some WISEs may have changed their legal form due to a switch of work form they apply. Particularly, this was the case for recycling shops, who were recognized as work integration enterprises applying the legal form of a co-operative during the nineties, but who changed their legal form because of a work form switch (Coates & Van Opstal, 2009). Nowadays, these recycling shops are recognized as social workshops, applying the legal form of a non-profit association. Therefore, we included a dummy variable to identify these recycling shops. Furthermore, we cannot distinguish between age effects and cohort effects. If we find some differences between age groups of enterprises, these may reflect life-cycle patterns, but may as well indicate the consequences of policy changes, the economic climate at the time of start-up, etc. The fact that our data are analyzed in retrospect is particularly problematic for work integration enterprises (with and without service vouchers) and work experience enterprises, since their subsidies are digressive. Consequently we only have a partial view on these types of enterprises.

However, all in all we have a unique dataset, which includes the entire set of WISEs in Flanders for 2007. The retro-perspective view allows us to observe differences between older and newer enterprises and grasp new tendencies and novelties of start-ups. Moreover the dataset is very rich since it includes data per enterprise and on various levels, both on the financial and economic profile, the employment profile of the enterprises and the profiles of the target workers. These extensive data allow us to explore in detail profile differences between and within WISE work forms.

4. Profile Shifts and Differences among WISEs in Flanders

In this section, we present and discuss profile shifts and differences among WISEs in Flanders. We start with a general overview, providing insights in the evolution of start-ups and its relative significance. Next we focus at relative shifts and profile differences at the enterprise level. This includes a comparison of their economic, financial, organisational and legal profile. Thirdly, we assess relative shifts and compare profile differences at the worker level. This comprises a comparison of worker attributes like gender, age, schooling, nationality and ethnicity.

[6] For more details on this, see www.nbb.be

4.1 A general overview of WISEs business start-ups in Flanders

. Relative significance of early-stage WISEs

Out of 646 enterprises, 181 enterprises, or 28%, were founded throughout the last ten years. However, we have to keep in mind that these 646 enterprises consist of a variety of enterprises, associations, public sector organizations and firms. Out of these 646 enterprises, 130 organizations are public authorities who are mostly recognized as a work experience enterprise. Additionally, 246 initiatives are traditional non-profit organizations that obtained a recognition as a work experience enterprise. Most of these organizations exist already for a long time and do not have the employment of disadvantaged people as their main objective but are active in health and social care, nurseries and residential elderly care. The same holds for the work integration enterprises, as most of them are regular enterprises employing only one or a small group of target group workers. Therefore if we exclude these work experience enterprises and work integration enterprises, the relative significance of early-stage WISEs is much higher. Out of the remaining 230 enterprises, we find that 79% of the enterprises are founded throughout the last 10 years. The large majority of these early stage enterprises are enterprises that specifically focus on the employment of disadvantaged persons. Finally it is noteworthy to mention that there were no sheltered workshops founded throughout the last ten years.

Out of 140,129 workers, 9,927 employees, or 7%, are working in enterprises that were founded throughout the last ten years. Again, while interpreting these numbers we have to take into account that a large amount of the incumbent enterprises are traditional organizations and regular-economy firms with many employees. More interesting is to look at target group employment; 3,868 out of 26,525 target workers, 15%, are working in the enterprises that were founded throughout the last 10 years. This is relatively low because sheltered workshops have the majority of the target workers employed. In 2007, 60% of the target workers were employed in sheltered workshops and as mentioned before there are no sheltered workshops that are newly founded during the last ten years.

Table 3 provides an overview of the relative target group employment per work form according to the age group of the WISEs they are employed in. If we exclude the sheltered workshops, we see that 36% of the target workers are working in enterprises that were founded during the past ten years. Although no new sheltered workshops were founded these workshops did grow during the last ten years in terms of target group employment at an average rate of about 2% per year. Sheltered employment increases thus exclusively by an increase of its internal scale. This can be considered as an efficient approach, as this sector is characterized by increasing internal economies of scale (Van Opstal & Pacolet, 2008).

Table 3 Relative target group employment per work form according to WISE age group (at 31 December 2007).[7]

Work form	> 10 years	5 – 10 years	3 – 5 years	1 – 3 years	< 1 year	Total
Social workshops	56%	39%	4%	1%	0%	100%
Local service economy initiatives	66%	18%	0%	0%	16%	100%
Work integration enterprises	27%	37%	27%	10%	0%	100%
Work integration enterprises (vouchers)	0%	1%	37%	58%	5%	100%
Work experience enterprises	95%	5%	0%	0%	0%	100%
Subtotal	*64%*	*19%*	*8%*	*8%*	*1%*	*100%*
Sheltered workshops	100%	0%	0%	0%	0%	100%
Grand total	*85%*	*8%*	*3%*	*3%*	*1%*	*100%*

As for the economic profile of the early stage WISEs, total turnover of start-ups amounted to 110 million euro (n=81) compared to a total turnover of 1,920 million euro (n=289) of the entire population. This means new WISEs account for 6% of total turnover in the sector. However, as mentioned earlier, these figures also include the turnover of regular commercial enterprises, such as work integration enterprises. Most of them are mature enterprises and count for an important share of total sector turnover in addition to the turnover of the sheltered workshops. On the other hand, the younger enterprises, which are mostly specifically targeted and focusing on employment for disadvantaged groups, are smaller, as is also indicated by a smaller turnover. Concerning value added, 87.2 million (n=70) out of 1,480 million euro (n=242) or 6% was produced by the younger enterprises. However, if we consider the total value added regardless the age of the enterprises, only 15% of the value added is produced by enterprises that are specifically founded for the employment of disadvantaged groups, that is to say sheltered and social workshops. Since no sheltered workshops were founded in the past 10 years we can not compare between young and mature counterparts. Conversely, for social workshops value added produced by the younger enterprises is 15.9 million out of 38.7 million euro, which amounts to 41%. Note that it is not recommendable to compare the percentages of turnover and value added with the percentages on employment because of data limitations; the

[7] The distinction between younger and mature WISEs as shown in Table 3 corresponds with a complex reality. The mature enterprises might only recently have received recognition as a WISE; this is the case for a vast amount of work integration enterprises. On the other hand some of the younger enterprises might in reality exist for a longer time but are start-ups from a legal point of view, since a new legal entity may have been established when a specific recognition for a work form was requested.

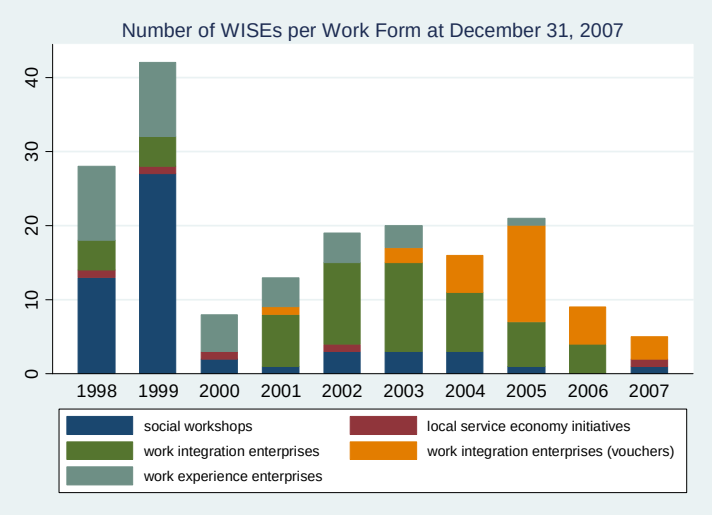
financial figures on turn-over and value added refer to the bigger enterprises that need to report their annual accounts in detail.

. Relative shifts between work forms

Figure 3 provides an overview of the year of foundation and relative shifts between the work forms. These figures reflect well the legislative changes both on the Federal Level and the Flemish level with reference to WISEs. In 1998 the decree on social workshops[8] was finalized which resulted in a boost of social workshops in 1998 and 1999. However we know that this growth does not entirely correspond with new enterprises. Almost 30% of all social workshops are recycling shops. Before 1998 many of these shops were recognized as work integration enterprises, but after 1998 they opted for the social workshop work form and therefore appear in our data as newly started enterprises. After a long experimental stage, the regulation on work integration enterprises dates from 2001, as is reflected by the growing number of start-ups since then. In 2005 the legislation with reference to work integration enterprises created a framework for work integration enterprises to work with service vouchers as well (De Mey, 2008). Again, this explains the growth of this work form[9] in 2004 and 2005. As we can read from these figures there is a swift response on the part of the enterprises and starters to legislative changes.

In figure 4 we compare the relative incidence of work forms by age group of the WISEs. In order to isolate the predominance of public sector work experience enterprises, we grouped these data by their private sector / public sector character. For the private sector there are significant differences[10] between the age groups. Still for the private sector, the share of both variants of work integration enterprises within the subpopulation younger than 5 years is very high. In the age group of 5-10 years, the share of social workshops is high. As was explained before, the growth of these enterprises is related to the legislative changes for these work forms. The public sector side consists of a large number of work experience enterprises and a fair amount of local service economy initiatives. Virtually all of them are older enterprises, as only four of them are younger than ten years old.

Figure 3 Year of foundation and work form of WISEs active at December 31, 2007

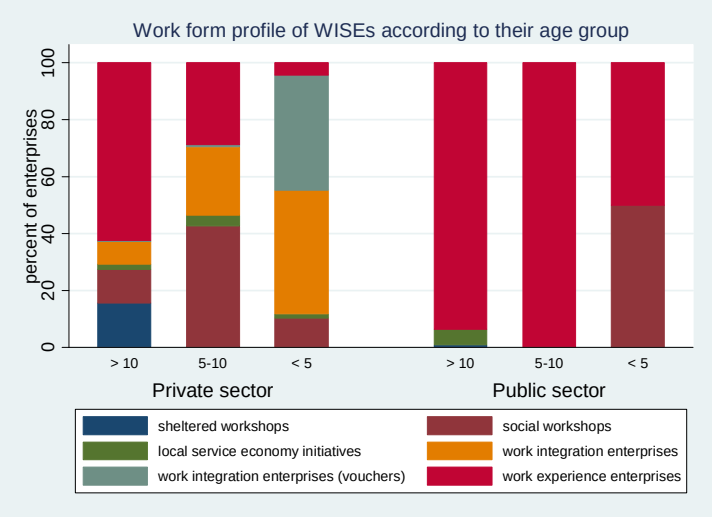


[8] Decree 14 July 1998 on social workshops.

[9] Recognition as a work integration enterprise with service vouchers was only possible since 2005. However, also initiatives that were established before 2005 can obtain such a recognition. This explains why there were work integration enterprises with service vouchers before 2005.

[10] For differences between age groups within the private sector: Pearson Chi2(10) = 342.1602 (p<0.001)

Figure 4 Work form profile of WISEs according to their age group



4.2 Profile Shifts and Differences at the Enterprise Level

Our dataset allows us to assess profile differences at the enterprise level. We provide an overview of profile shifts and differences concerning employment, turnover, value added, financial health, organisation form and legal form. While considering the most remarkable results, we also formulate some hypotheses that should become testable if these data become available on a yearly basis.

. Employment profile

In table 4 we provide an overview of the distribution of total employment and target group employment, of the WISEs by their age group. As can be expected the employment profile of the WISEs differs significantly[11] by work form. Indeed, each work form corresponds to a specific structure that defines how (and subsequently on which scale) they provide employment for target workers; a social workshop specifically focuses on the employment of groups of target workers whereas work integration enterprises or work experience enterprises usually employ smaller numbers of target workers. Work integration enterprises with service vouchers on the other hand have a stronger focus, compared to work integration enterprises or work experience enterprises, on the employment of target group workers. These structural differences, originating from the legislative and historical structure per work form, is reflected in these figures and basically explain most of the differences in total employment and target group employment. The percentage of the target group employed varies along the work forms, corresponding with the differences explained above.[12] Although we observe a relative smaller share of target workers employed in work integration enterprises with vouchers than what could be expected.

Not only do we observe differences between the work forms. Also within the work forms the employment profile differs according the age group of the enterprise. As can be expected the early stage enterprises are smaller in terms of employment than their mature counterparts. Target group employment in the social workshops is higher for the older social workshops.[13] Again, this can be expected as social workshops may grow when they grown older[14] and the share of target workers is high for social workshops anyway.

[11] For differences in total employment between work forms: Chi-squared = 54.463 with 4 d.f. (p< 0.001) (Kruskal Wallis)
For differences in target group employment between work forms: Chi-squared = 184.382 with 4 d.f. (p<0.001) (Kruskal Wallis)
[12] For differences in the percentage of target group workers in total employment between age groups with: Chi-squared = 200.528 with 4 d.f., (p<0.001) (Kruskal Wallis)
[13] For differences in target group employment in social workshops by age group: Chi-squared = 7.949 with 2 d.f. (p<0.01) (Kruskal Wallis)
[14] An indication of this may be the fact that there are differences in total employment in social workshops by age group: Chi-squared = 7.607 with 2 d.f. (p<0.05) (Kruskal Wallis).

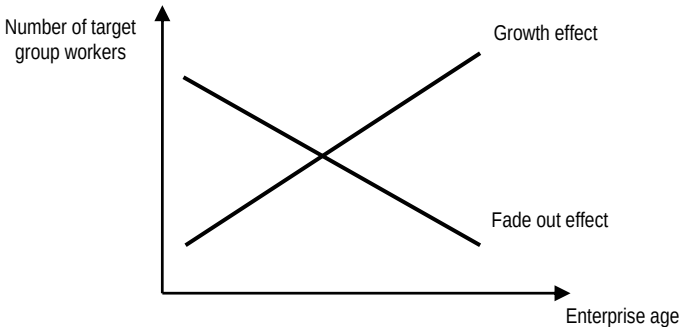
Table 4 Employment profile of WISEs according to their age group

	Total employment				Target group employment				
	n	Q25	Q50	Q75	n	Q25	Q50	Q75	% target group
Social Workshops	*92*	*24*	*35*	*66*	*94*	*14*	*28*	*58*	*87%*
< 5 years	7	10	14	71	8	7	8	46	56%
5 – 10 years	45	23	30	50	46	15	24	48	88%
> 10 years	40	27	42	83	40	21	37	73	90%
Local Service Economy Initiatives	*17*	*54*	*101*	*282*	*18*	*9*	*17*	*39*	*3%*
< 5 years	1	.	.	.	1	.	.	.	.
5 – 10 years	4	36	71	85	4	11	23	34	37%
> 10 years	12	36	225	710	13	9	14	30	2%
Work Integration Enterprises	*81*	*6*	*14*	*57*	*83*	*2*	*4*	*8*	*4%*
< 5 years	28	5	8	23	30	2	4	11	38%
5 – 10 years	26	6	11	39	26	2	4	7	31%
> 10 years	27	11	77	204	27	2	3	7	1%
Work Integration Enterprises (vouchers)	*29*	*48*	*87*	*175*	*30*	*10*	*27*	*41*	*27%*
< 5 years	27	54	88	210	28	15	30	43	27%
5 – 10 years	1	.	.	.	1	.	.	.	.
> 10 years	1	.	.	.	1	.	.	.	.
Work Experience Enterprises	*337*	*20*	*70*	*149*	*367*	*2*	*5*	*12*	*5%*
< 5 years	4	14	55	209	4	1	1	2	1%
5 – 10 years	31	9	19	53	33	2	4	7	21%
> 10 years	302	24	76	167	330	2	5	13	5%

When comparing the employment profile of the work integration enterprises and work experience enterprises according to their age-category, we have to take into account that the target workers they employ will become a regular employee or leave the enterprise after a time period, one year for work experience enterprises and four years for work integration enterprises, and consequently they will disappear from our data as target workers. We notice that for work integration enterprises there are no significant differences in the number of target workers regardless the age of the enterprise.[15] This means that when the target workers leave, or become regular employees, work integration enterprise hire on average new target workers without increasing the number of target workers they employ. For the work experience enterprises, on the other hand, we see that the older work experience enterprises employ a higher number of target workers.[16]

While we cannot identify the main reasons behind these differences, we may as well try to formulate hypotheses on possible mechanisms that may explain the different dynamics we observe in these figures. On the one hand we may expect a decrease of the target workers for older enterprises since the workers will leave the enterprise or become regular employees. In figure 5 this dynamic is indicated as a 'fade out effect'. But we might also expect an increase in target group employment since the capacity of older enterprises may increase and enterprises may grow as they move through their life cycle. This effect is therefore indicated in figure 5 as a 'growth effect'. Finally, evolutions in target employment depend on which of both effects dominate.

Figure 5 Lifecycle dynamics of target group employment in WISEs



For social workshops, for instance, there is no fade out effect, so only a growth effect applies.[17] For work integration enterprises, we may hypothesize from our empirical results that both effects may neutralize each other, while for work experience enterprises, the growth effect seems to dominate the fade out effect. Note that both effects are life cycle effects. Because we do not have panel data, we cannot isolate life cycle effects from cohort effects. Moreover we also do not know

[15] For differences in target group employment in work integration enterprises by age group: Chi-squared = 1.649 with 2 d.f. (p=0.4385) (Kruskal Wallis).
[16] For differences in target group employment in work experience enterprises by age group: Chi-squared = 10.153 with 2 d.f. (p<0.01) (Kruskal Wallis).
[17] Note that growth of target group employment may of course be negative as well as firms grow older. In that case the slope of the growth effect becomes negative and the growth effect enhances the fade out effect.

the time at which older enterprises received their recognition as a work experience enterprise or a work integration enterprise. Hence, as an employer of target group workers they might be as new as the younger enterprises.

Finally, if we look at the percentage of target group workers in total employment, we notice some interesting differences between age groups as well for some work forms. These differences are most remarkable for work integration enterprises, where this percentage is significantly higher among young work integration enterprises compared to its mature counterparts.[18] If we combine this observation with previous results, this may indicate that the profile of older work integration enterprises differs significantly from the profile of the younger ones. While the older enterprises are regular enterprises employing a small number of target workers, especially relative to total employment, the younger work integration enterprises seem to be established with the purpose of creating of employment for target workers. If this hypothesis holds, a cohort effect rather than a lifecycle effect applies. Nevertheless, data limitations prevent us from being conclusive on this.

. Economic profile

As our dataset also includes figures on turnover and value added, we are able to report differences in profiles between work forms by their age groups. As can be expected, figures in table 5 show strong differences in turnover[19] and value added[20] between the work forms related to the type of enterprises. Similar to the figures on employment profile we also see that the older enterprises have a higher turnover and added value. Also here, life cycle effects (e.g. growth effects) and cohort effects are not separable in our data set. Nevertheless, these figures provide a weak confirmation of our hypothesis that younger work integration enterprises are not only smaller in scale because of their age, but also because of structural differences between the types of enterprises that applies for this work form.

Table 5 Economic profile of WISEs according to their age group

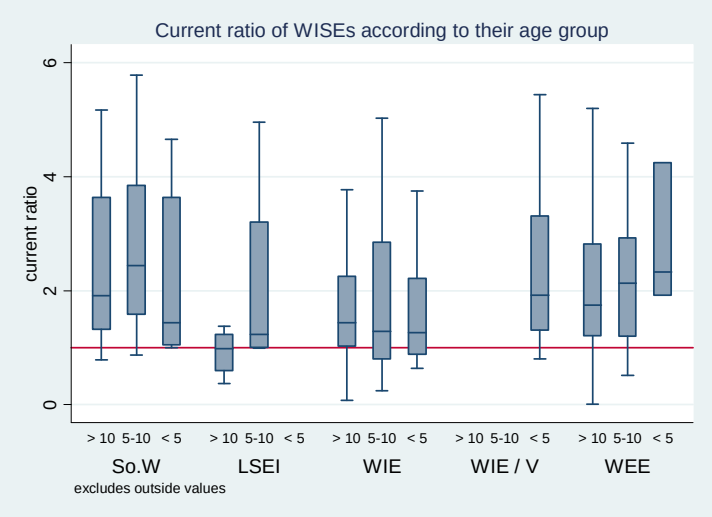
	Turnover (in million euro)				Value added (in million euro)			
	n	Q25	Q50	Q75	n	Q25	Q50	Q75
Social Workshops	92	0.3	0.5	0.9	90	0.2	0.3	0.6
< 5 years	8	0.1	0.2	0.6	8	0.09	0.2	0.3
5 – 10 years	45	0.3	0.5	0.8	44	0.2	0.3	0.5
> 10 years	39	0.4	0.8	1.3	38	0.2	0.5	0.9
Local Service Economy Initiatives	4	0.2	0.6	13.7	2	4.6	10.3	15.9
< 5 years	0	.	.	.	0	.	.	.
5 – 10 years	0	.	.	.	0	.	.	.
> 10 years	4	0.2	0.6	13.7	2	.	.	.
Work Integration Enterprises	25	3.1	11.5	20	23	1.6	6.2	8.6
< 5 years	3	0.4	1	1.9	2	0.06	0.9	1.7
5 – 10 years	6	1.7	4.4	10	6	0.3	1	6.2
> 10 years	16	11.4	17	99.5	15	4.3	6.7	28.6
Work Integration Enterprises (vouchers)	8	0.6	4.4	7.4	6	2.8	5.2	6.8
< 5 years	8	0.6	4.4	7.4	6	2.8	5.2	6.8
5 – 10 years	0	.	.	.	0	.	.	.
> 10 years	0	.	.	.	0	.	.	.
Work Experience Enterprises	102	0.3	0.9	3.1	63	2.8	4	7.8
< 5 years	2	0.2	0.4	0.6	2	3.3	7.5	11.6
5 – 10 years	9	0.2	0.5	0.8	2	2.3	3.3	4.3
> 10 years	91	0.3	1.2	3.2	59	2.8	4	7.8

. Financial profile

The availability of balance sheet and the profit-and-loss account data allow us as well to draw a financial profile of WISEs and to make profile comparisons according to the age group of these enterprises. It should be noticed, however, that these profiles mainly refer to private sector initiatives. This is not much of a problem, since it would not make sense to mix up financial data of cities, communities and provinces with financial data of enterprises[21]. To begin with liquidity, we observe strong differences in the current ratio both within and between work forms, as can be seen in figure 6.

[18] For differences in % target group in work experience enterprises by age group: Chi-squared = 34.605 with 2 d.f. (p<0.001) (Kruskal Wallis).
[19] For differences in turnover between work forms: Chi-squared = 55.583 with 4 d.f. (p<0.001) (Kruskal Wallis).
[20] For differences in value added between work forms: Chi-squared = 110.787 with 4 d.f. (p<0.001) (Kruskal Wallis).
[21] Financial data are only available for 5 public sector enterprises in our dataset.

Figure 6 Liquidity position, measured by current ratio, of WISEs according to their age group



Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).
Note: Outliers only occur at the upper end of the distribution.

It is, however, more informative to look at the percentage of enterprises that has potential liquidity problems, as indicated by a current ratio lower than 1. In that case, an enterprise is not able to cover all its short-term liabilities by its short-term assets. Also when we look at this percentage, we notice strong differences between the work forms. This could be related to the age of an enterprises since older enterprises have had more time to build up reserves. However, we do not observe differences in the liquidity position within the work forms by age of the enterprises. Therefore we might conclude that the differences in liquidity position between the work forms might be related to the differences in subsidies[22] and organisational form. The latter possibility refers to the fact that having a non-profit or a for-profit status has its implications for corporate finance. Hansmann (1990), Wedig (1994) and Jegers & Verschuren (2006) provide some interesting explanations on why the liquidity position of a non-profit can be expected to be higher than that of a for-profit enterprise. Combined with our observations in figure 2, we should not be surprised by our findings. Table 6 combines four contingencies combining the incidence of potential liquidity problems with the incidence of operational losses[23]. As can be seen, between 70% and 80% of WISEs in most work forms can be categorized as 'healthy' according the criteria applied. No significant differences could be found between age groups.

Table 6 Financial health status of WISEs according to their age group

	n	Dying Current ratio < 1 Operational income < 0	Chronically ill Current ratio > 1 Operational income < 0	Temporarily ill Current ratio < 1 Operational income > 0	Healthy Current ratio > 1 Operational income > 0
Social Workshops	94	2%	11%	7%	80%
< 3 years	2	0%	0%	0%	100%
3 - 5 years	6	0%	33%	0%	67%
5 – 10 years	44	5%	7%	7%	81%
> 10 years	38	0%	13%	8%	79%
Local Service Economy Initiatives*	2	0%	0%	0%	100%
Work Integration Enterprises	23	4%	4%	17%	74%
< 3 years	0	.	.	.	.
3 - 5 years	2	0%	0%	0%	100%
5 – 10 years	6	17%	0%	17%	67%
> 10 years	15	0%	7%	20%	73%
Work Integration Enterprises (vouchers)*	6	0%	0%	17%	83%
Work Experience Enterprises	64	5%	14%	8%	73%
< 3 years	0	.	.	.	.
3 - 5 years	2	0%	0%	0%	100%
5 – 10 years	2	0%	0%	0%	100%
> 10 years	60	5%	15%	8%	72%

* as the number of observations is too small for local service economy initiatives and work integration enterprises (vouchers), we do not present results per age group for these work forms.
Source: classification adapted from Ooghe & Van Wymeersch (2006)

[22] In other words, a cohort effect might be neutralizing a lifecycle effect.
[23] We focus on operational results instead of net results, because large differences in financial results and exceptional results may disguise the financial health status of these enterprises.

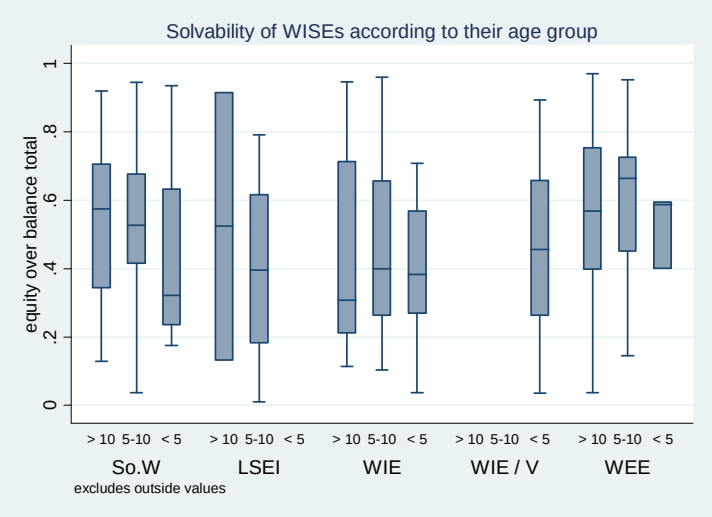
Table 7 reports the means of operational income on equity capital by work form. We find strong differences between work forms. We see that the work integration enterprises with vouchers and the social workshops have the highest operational income on average, while sheltered work shops and work experience enterprises have the lowest. As there are no differences observed in operational income on equity capital within the work forms by age of the enterprise, we did not report these results. The differences between the work forms can thus probably be explained by differences in subsidies, activities, productivity of the target group rather than the effect of the age group. Another important element that influences these results comes from the denominator of this ratio as solvability between work forms may vary drastically.

Table 7 Means of operational income on equity capital by work form

	n	Mean
Social Workshops	94	0.25
Local Service Economy Initiatives	2	0.16
Work Integration Enterprises	23	0.21
Work Integration Enterprises (vouchers)	6	0.29
Work Experience Enterprises	64	0.07
Sheltered Workshops	54	0.06

When considering solvability, as reported in figure 7, we again find strong differences between and within work forms. The solvability position is the highest for social workshops, work integration enterprises with service vouchers and work experience enterprises. Work integration enterprises have a lower solvability position on average. Again, just as is the case for the other financial and economic indicators, there are no differences on solvability observed within the work forms according to the age group. Therefore as was mentioned before we can conclude that the differences between work forms are rather related to the organisation structure[24] and structure of subsidies rather than the differences in age.

Figure 7 Solvability of WISEs according to their age group



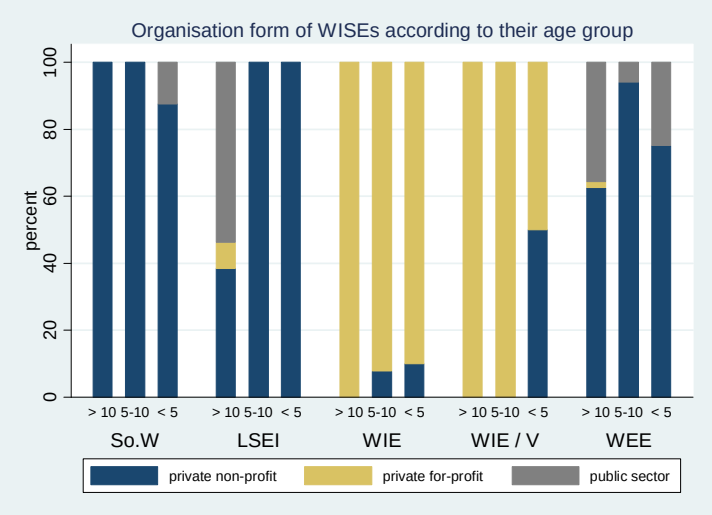
Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

. Organisation and legal profile

Figures 8 and 9 provide an overview of the differences in legal and organisational profile of the work forms according to their age group. Work forms are strongly linked to a legal form, which explains the relative small changes in organisation profiles between the age-groups as we can observe in Figure 8. While figure 9 provides more detail, we notice in particular the changes in legal form for the youngest work integration enterprises (with and without vouchers).

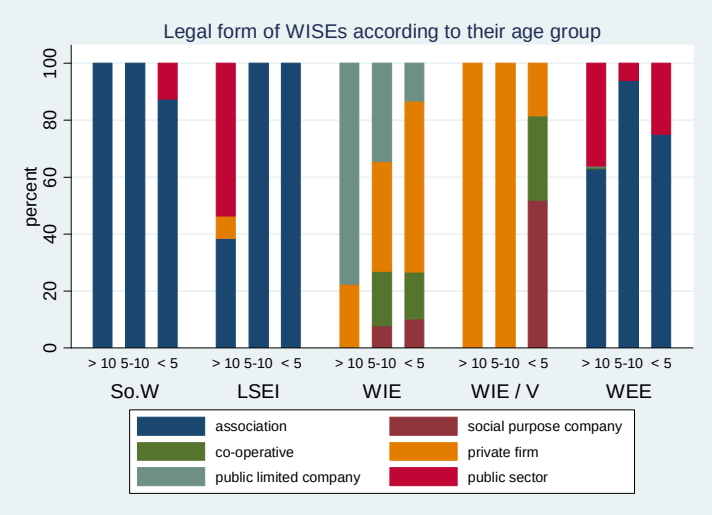
[24] Also here, we refer to Hansmann (1990) and Wedig (1994) for a theoretical exposition that explains why solvability is expected to be higher among non-profit organisations compared to their for-profit counterparts. For a discussion on sheltered workshops we refer to Van Opstal & Pacolet (2007).

Figure 8 Organisation profile of WISEs according to their age group (in years)



Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

Figure 9 Legal profile of WISEs according to their age group (in years)



Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

4.3 Profile Shifts and Differences at the Worker Level

This section discusses the differences in target worker profile between the various work forms and according to the age group of the enterprises. Since the number of target workers strongly varies by work form and by age group of the enterprise, we have to keep in mind these differences when interpreting the results to follow. As can be seen in table 8, it will therefore not make much sense to interpret profile differences according to their age group for work integration enterprises with vouchers older than 5 years and for work experience enterprises younger than 5 years old.

Now, we compare the differences in target workers profile in terms of gender, age, education level, ethnicity and nationality. The profile of the target workers is officially regulated per work form. Therefore we will each time indicate whether a criterion is important for the official regulation since this regulation has of course a strong impact on the profile of the target workers that are employed by it.

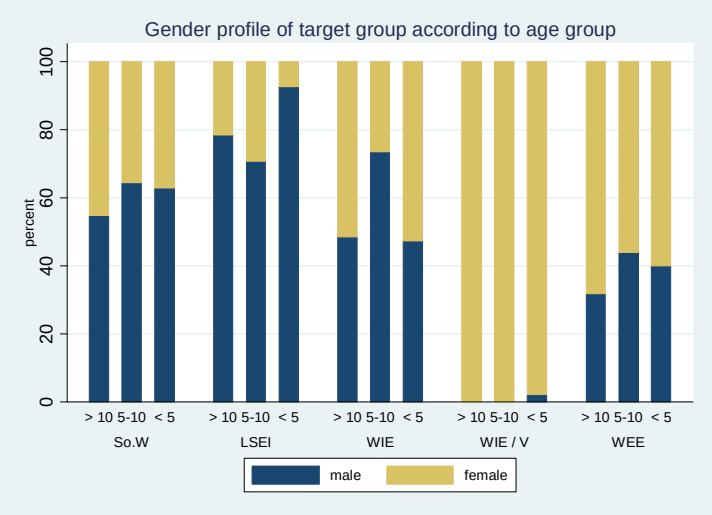
Table 8 Total number of target group workers in WISEs according to their age group

	> 10 years	5-10 years	< 5 years	Total
Social workshops	2,179	1,505	196	3,880
Local service economy initiatives	326	89	81	496
Work integration enterprises	167	226	222	615
Work integration enterprises (voucher)	6	8	1, 319	1,333
Work experience enterprises	4,127	217	5	4,349
Grand Total	6,805	2,045	1,823	10,673

. Gender

Gender is never a criterion in the official regulations on the profile of the target workers per work form. Nevertheless, the percentage of women employed varies considerably between the work forms[25], as can be seen in figure 10. This variation might be explained partly by the differences in activities carried out by the work forms. This is particularly the case for the work integration enterprises with service vouchers. Their main activity is cleaning or other household tasks and explains the fact that they employ almost exclusively female target workers. Also within the work forms we observe differences according to the age group of the enterprise. The younger enterprises seem to hire less female target workers[26].

Figure 10 Gender profile of target group workers in WISEs according to WISE age group (in years)



Note: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

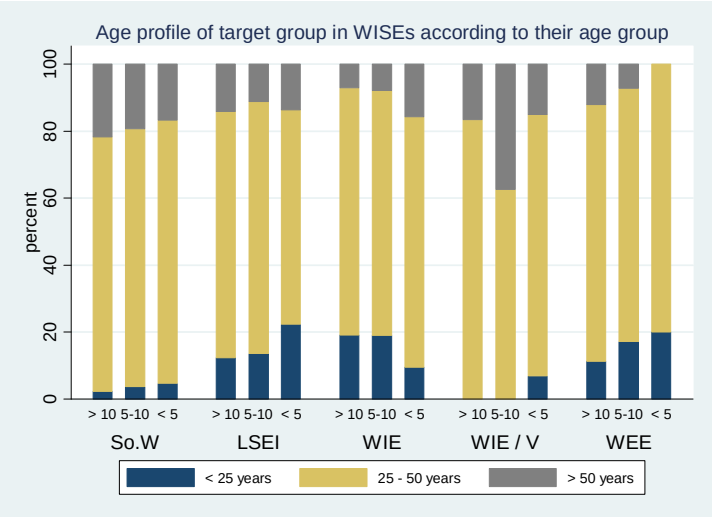
. Age

Age is never a sole criterion in the official specifications of the target workers per work forms. However, policy stimulates the employment of aged (above 50) persons. For an example, this amplified policy attention can be inferred from the fact that workers above 50 have to be unemployed for a reduced period in order to be eligible to be recognized as a target worker. In figure 11, we see that the employment of older persons varies between the work forms. Work integration enterprises with vouchers and social workshops have the highest share of older persons employed. Next to this, we also looked at the target group employment of young persons (< 25 years). Also here, considerable differences between work forms can be found. The share of young persons in target group employment is very low for the social workshops. This does not need to surprise us, since a person needs to be unemployed for at least 5 years in order to be entitled to work in a social workshop.

[25] For differences in the percentage of women employed between work forms: Pearson chi2(4) = 1,900 (p<0.001)

[26] For differences between age groups: Pearson chi2(2) = 35.6218 (p<0.001) for social workshops, Pearson chi2(2) = 12.8237 (p<0.01) for local service economy initiatives, Pearson chi2(2) = 38.4405 (p<0.001) for work integration enterprises, Pearson chi2(2) = 13.7206 (p<0.001) for work experience enterprises.

Figure 11 Age profile of target group workers in WISEs according to WISE age group (in years)



Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

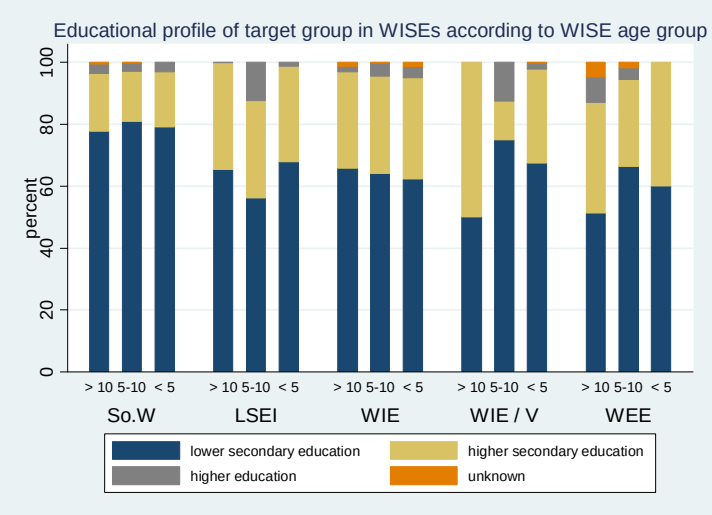
For most work forms no significant differences according to the age profile of workers could be found between early stage WISEs and their older counterparts. This is noteworthy since we might expect that older enterprises have a higher share of older persons employed as the cohort of persons employed when the enterprise started gets older. Since this is not the case we might conclude that younger WISEs are performing better in the recruitment of older employees. This holds particularly for work integration enterprises, where the youngest enterprises employ a target group whose average age is significantly higher than that of the target group in older work integration enterprises[27]. The reverse holds, however, for work experience enterprises, where younger initiatives employ a younger target group[28].

. Schooling

For some work forms, schooling is a selection criterion for recognition as a target group worker. For the social workshops, only low-skilled persons are considered as target workers. For work integration enterprises and work experience enterprises on the other hand, schooling is not a criterion in order to be accepted as a target worker. These differences in eligibility criteria are translated in the educational profile of target group workers that are actually employed in WISES, as can be seen in figure 12. If we consider the differences in education level within the work forms according to age group of the enterprises, only the work experience enterprises appear to have a different profile according to age of the enterprise. Early stage work experience enterprises apparently employ more low-skilled persons than their older counterparts[29].

[27] For differences in target group age in work integration enterprises by age group: Chi2 = 15.957 with 2 d.f. (p<0.001) (Kruskal Wallis).
[28] For differences in target group age in work experience enterprises by age group: Chi2 = 11.681 with 2 d.f. (p<0.01) (Kruskal Wallis).
[29] For differences in educational profile of target group workers in work experience enterprises by age group: Pearson chi2(4) = 17.8394 (p<0.001; Fisher's exact = 0.001).

Figure 12 Educational profile of target group workers in WISEs according to WISE age group (in years)



Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

. Migrant workers

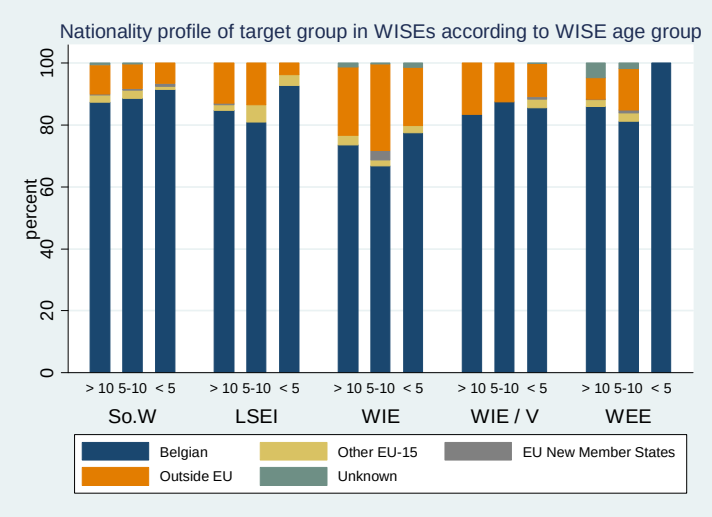
Ethnicity or nationality is never a criterion in the official description of the target workers. However, there are strong differences between the work forms in the employment of migrants. In figures 13 and 14, we provide an overview of the employment of migrant workers according to the work forms and the age of the enterprises. In figure 14, we included a separate category for persons with origins from Turkey or Morocco because of historically large migrant flows of these countries to Belgium.

In general work experience enterprises have the highest share of migrants employed, 23.8% non EU-nationals and 34.75% non-EU according to ethnicity. Work experience enterprises and social workshops on the other hand employ only 9% and 8% non EU-nationals or 16% (work experience enterprises) and 14% (social workshops) migrants according to ethnicity. When comparing the employment of migrants within work forms, the work experience enterprises which were founded between 5 and 10 years have a significant higher share of migrants employed[30]. The early stage social workshops on the other hand have a lower share of migrants employed[31].

[30] For differences in the percentage of outside EU nationals among target group workers in work experience enterprises by age group: Pearson chi2(2) = 11.7561 (p<0.01; Fisher's exact < 0.01). For ethnicity Pearson chi2(2) = 22.9612 (p<0.001; Fisher's exact < 0.001)

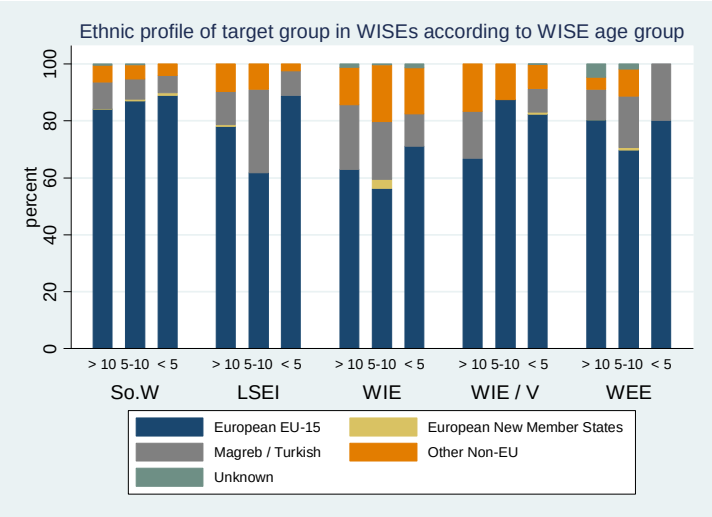
[31] For differences in the percentage of non-EU ethnicity among target group workers in social workshops by age group: Pearson chi2(2) = 8.9946 (p<0.05; Fisher's exact < 0.05).

Figure 13 Nationality profile of target group workers in WISEs according to WISE age group (in years)



Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

Figure 14 Ethnic profile of target group workers in WISEs according to WISE age group (in years)



Legend: So.W (social workshops), LSEI (local service economy initiatives), WIE (work integration enterprises), WIE / V (work integration enterprises with service vouchers), WEE (work experience enterprises).

5. Conclusions

In recent years, attention to work integration social enterprises increased considerably, both among academics as among entrepreneurs and policy makers. Yet, little is known about the profile of these enterprises and the workers they employ. Moreover, an analysis of early-stage enterprises is rarely applied to social enterprises or WISEs. A careful analysis of the profile of new enterprises may deepen our understanding of factors that foster or hamper entrepreneurship within the social economy. The data presented in this paper provide a detailed profile of WISEs in Flanders and allow us to identify shifts and differences within and between WISE work forms.

As discussed in this paper, WISEs in Flanders make up a variety of enterprises, associations, public sector organizations, co-operatives and firms. We grouped and discussed the WISEs according to their work form. One of the dominant features of our analysis has been the identification of profound differences that can be observed between the work forms and the slighter differences that are observed *within* the work forms while comparing start-ups to their mature counterparts. Therefore we might conclude that the policy framework on the social insertion economy as it currently exists in Flanders has a strong regulative impact on the WISEs in Flanders. This impact translates itself through differences in the profile of enterprises, as well as differences in the profile of the target group workers they employ.

However, some key features might be summarized indicating some major distinctive characteristics of early stage WISEs in Flanders:

- The early stage enterprises are responsible for a significant share of the employment of the target workers. When we exclude the sheltered workshops 36 percent of the target group workers is working in WISEs that were founded during the past 10 years;
- When comparing the employment profile of the WISEs according to their age category we see that for most work forms the number of target workers is larger for the older enterprises. For some work forms, as for the work experience enterprises, this is not an expected outcome since a target worker leaves the enterprise or becomes a regular employee after one year. We therefore formulated the hypothesis that for the work experience enterprises the 'fade out effect' (workers leave the enterprise or become a regular employee) is neutralized by a 'growth effect' (capacity increases as enterprises grow older);
- When comparing the percentage of target workers in total employment, we see that the percentage of target workers is significantly higher among young work integration enterprises compared to their mature counterparts. This may indicate that the profile of the younger work integration enterprises differs significantly from the profile of the younger ones. While the older enterprises are regular enterprises employing a small number of target workers, the younger work integration enterprises seem to be established with the purpose of creating of employment for target workers;
- Based on the availability of balance sheets and the profit and loss account data we were able to draw the financial profile of the WISEs. When comparing the financial and economic indicators according to the age category of the WISEs, there were no differences observed within the work forms. We observed, however, significant differences between the work forms. We therefore concluded that these differences can probably be explained by differences in subsidies, activities, productivity of the target group rather than the effect of age group;
- Finally, when comparing the differences in target worker profiles between the various work forms and according to the age category of the enterprises, we observed more profound differences between the work forms. This can be expected since the profile of the target workers is officially regulated per work form.

Yet further research is needed to further explore the profile of the early stage WISEs. However, in order to deepen our analysis, we should have access to panel data, i.e. the data we used for 2007 should be collected every year. This will have the merits of including both starters and failures for each year and will allow us to distinguish cohort effects from lifecycle effects. This will be particular relevant if we want to carry out a survival analysis in order to better identify the success factors that contribute to success or failure of work integration social enterprises.

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